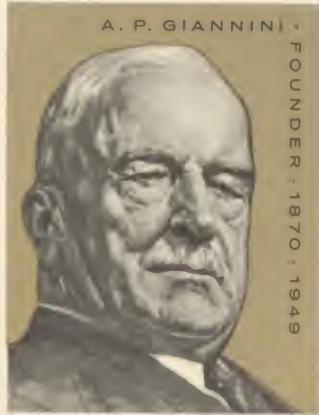


CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE



BANK OF AMERICA

NATIONAL TRUST AND SAVINGS ASSOCIATION

Annual
Report
1959



A. P. GIANNINI:

"There is no hidden
secret to our way
of banking. It is
the result of hard work
by able men and
women, dedicated to
the ideals for
which we stand.

In the years to come,
we must never
lose sight of the fact
that in our bank,
the individual is the
most valuable asset."

NEW DIRECTIONS



OF GROWTH

*1959 was a year of growth and diversification for Bank of America
. . . in California, across the nation, around the world.*

*From a statewide charge account plan to a new payroll service for
industry, from pioneering electronic equipment to opening additional
branches overseas, your Bank has continued its vigorous program
of developing new avenues for growth and service.*

*This report is designed, in part, to acquaint you more closely
with the scope and magnitude of these operations . . .*

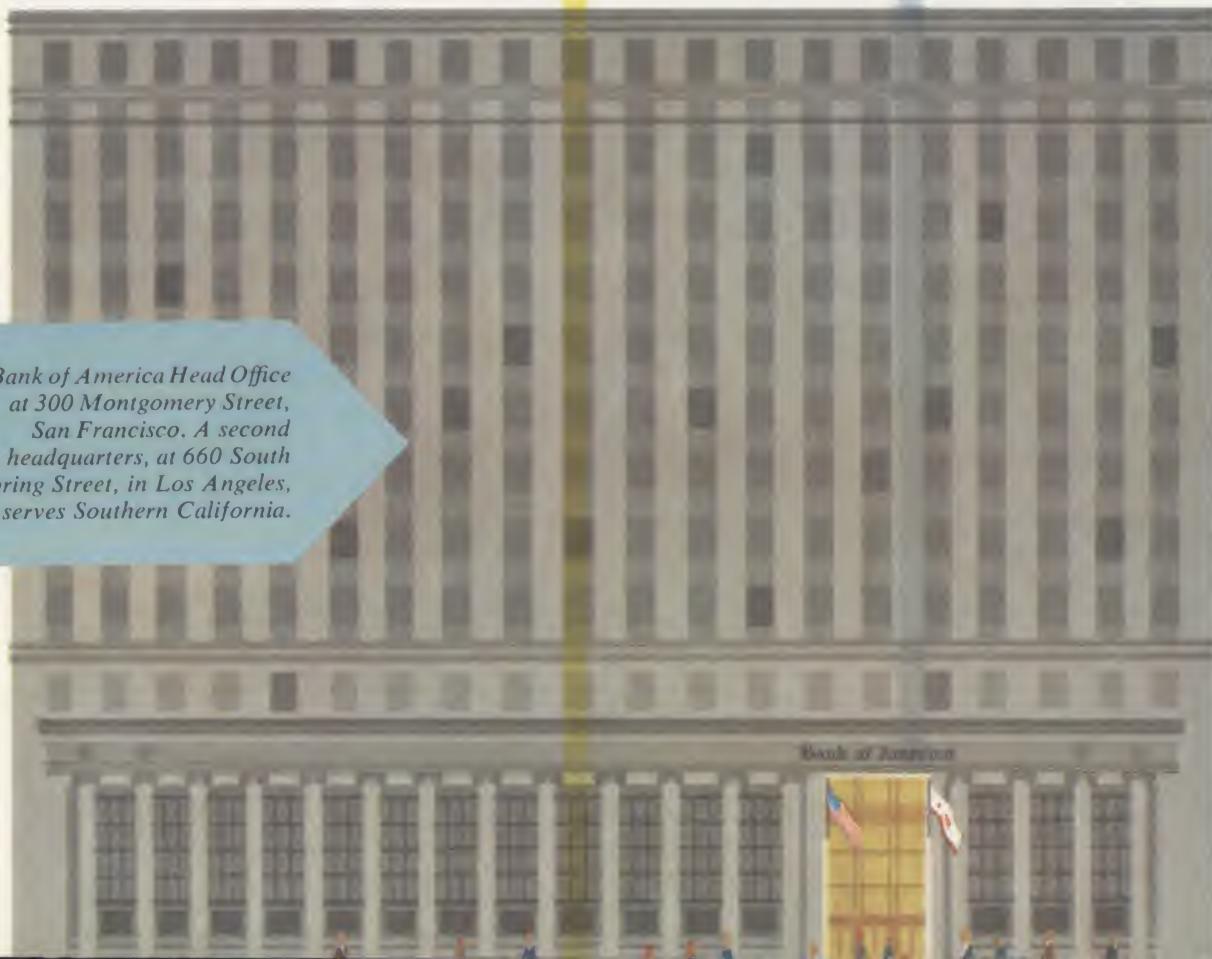
Highlights of the Year's Operations

Compared with Previous Year

	1959	1958
Operating Earnings.....	\$ 500,145,268	\$ 446,289,978
Operating Expenses (including applicable taxes and assessments)	\$ 413,847,348	\$ 369,271,153
Net Operating Earnings.....	\$ 86,297,920	\$ 77,018,825
Per Share.....	\$ 3.37	\$ 3.01
Taxes and Assessments applicable to Operations.....	\$ 92,654,858	\$ 81,569,234
Per Share.....	\$ 3.62	\$ 3.19
Dividends Paid	\$ 48,640,000	\$ 46,080,000
AT YEAR-END:		
Loans	\$ 6,599,668,232	\$ 5,661,888,351
Deposits	\$10,624,958,182	\$10,307,560,993
Total Resources.....	\$11,669,404,346	\$11,290,852,752
Capital Funds and Reserve for Possible Loan Losses.....	\$ 751,294,928	\$ 711,308,508
Shares Outstanding	25,600,000	25,600,000
Number of Deposit Accounts	7,430,000*	7,138,313
Domestic and Overseas Branches	673	647

*Preliminary

The Bank of America Head Office at 300 Montgomery Street, San Francisco. A second headquarters, at 660 South Spring Street, in Los Angeles, serves Southern California.



Memorandum to Our Stockholders

1959 was a year of growth and development as resources, deposits, loans and earnings continued their upward trends.

- Resources passed the eleven and one-half billion dollar mark, continuing their steadily rising pattern.
- Deposits passed the ten and one-half billion dollar mark. The accounts of our depositors are now nearing seven and one-half million in number.
- Loans outstanding increased nearly one billion dollars to make 1959 a year of outstanding loan service to customers.
- Earnings registered new highs, with net operating earnings increasing twelve per cent.

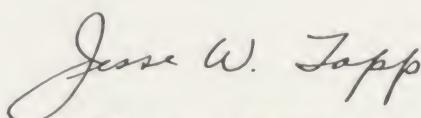
The decade now ended was one of progress for your bank—a decade during which resources, deposits and loans increased almost twofold.

Ahead lies a new decade and expanding economic horizons which will present not only opportunities but also challenges.

We shall strive to capitalize on these opportunities rewardingly and to meet these challenges forcefully so that your bank will continue to grow and develop, rendering ever greater service to the State and to the Nation.



S. CLARK BEISE, President

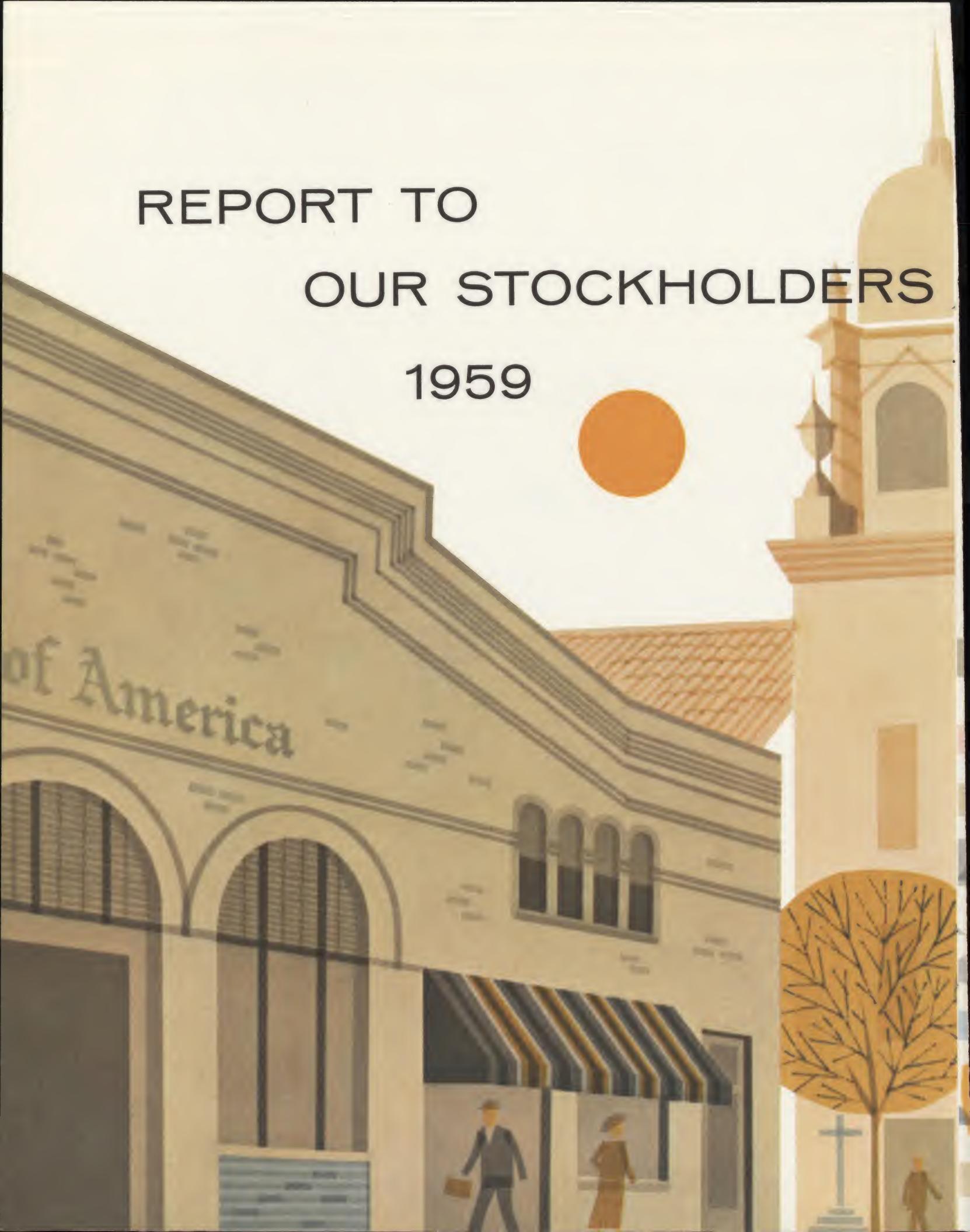


JESSE W. TAPP, Chairman



REPORT TO OUR STOCKHOLDERS

1959



The Economic Background of the Year

Vigorous expansion was the keynote of economic developments in 1959. Despite the disruptive effect of the steel strike, new high levels of employment, output and income were achieved, and inflationary pressures were restricted. As a result, the gains registered by the economy represented real advances in goods and purchasing power.

The first half of 1959 witnessed an accelerating trend which pushed national production to more than a \$484 billion annual rate by midyear, an uptrend that was reversed in the July - October period due to the impact of the lengthy shutdown of basic steel production facilities. However, the strength of the underlying forces became apparent once again as the economy rebounded in the closing months of the year.

Strength was evident in nearly all sectors of the economy. The accumulation of business inventories, partly in anticipation of the steel strike, played a key role in the sharp first-half rise. Business firms, responding to expanded market opportunities and to the spur of competition, increased their rate of new plant and equipment spending by nearly 14% during the

course of the year. In contrast to 1958, a year of savings accumulation, 1959 saw consumers spending freely and confidently for new homes, new cars and new home furnishings. Declines appeared in farm income as agricultural commodity prices, particularly for livestock products, receded. Meanwhile, Federal spending leveled out and the Federal deficit was sharply reduced. The boom in housing passed its peak, with the annual rate of housing starts having declined about 16% by year-end.

As has become almost traditional, California again outpaced the nation in nearly every segment of economic activity. Personal income in the state rose 8% from 1958, exceeding a \$40 billion annual rate for the first time during the third quarter of the year.

California's labor force was more fully employed in 1959. Unemployment, which averaged 6% of available civilian workers in 1958, declined to 4% in 1959. The latter half of the year witnessed a growing tightness in the state's major labor markets, with unemployment ratios falling below 4%. California's expanding job opportunities continued to attract people at a high rate, and their ready absorption into the labor force was a measure of the dynamic industrial growth of the state.

Space-age industries were the California pace setters in 1959, responding to the increasing emphasis on new weapons system concepts in Federal defense and budget planning.

Construction activity in the state rose to boom levels in 1959. The number of housing units placed under construction reached 235,000, almost 19% ahead of advanced 1958 levels.

Among the new Bank of America branches opened in California during 1959 is the unique El Pueblo de Los Angeles Branch, located in the historic Old Plaza of Los Angeles.

Comparative Summary of Earnings

Operating Earnings:	1959	1958
Interest on loans.....	\$348,102,212	\$299,982,330
Interest and dividends on securities, after amortization of premiums	75,092,862	74,447,010
Commissions, fees and other income	<u>76,950,194</u>	<u>71,860,638</u>
	\$500,145,268	\$446,289,978
 Operating Expenses:		
Interest paid.....	\$138,605,052	\$131,391,587
Salaries (including employees' bonus and participation in profit-sharing plan amounting to \$6,533,107 in 1959 and \$5,951,461 in 1958)	119,938,372	106,772,233
Provision for taxes and assessments applicable to operations.....	92,654,858	81,569,234
Other operating expenses.....	<u>62,649,066</u>	<u>49,538,099</u>
	413,847,348	369,271,153
 Net Operating Earnings.....	<u>\$ 86,297,920</u>	<u>\$ 77,018,825</u>
Profit (or loss) on securities transactions, after Federal tax.....	<u>(3,308,760)</u>	<u>1,478,777</u>
	\$ 82,989,160	\$ 78,497,602
 Transfers to reserves, after Federal tax reduction resulting therefrom.....	<u>9,219,000</u>	<u>7,902,000</u>
	\$ 73,770,160	\$ 70,595,602
 Dividends Paid.....	<u>48,640,000</u>	<u>46,080,000</u>
 Addition to Capital Funds.....	<u>\$ 25,130,160</u>	<u>\$ 24,515,602</u>

The peak in housing construction was passed after midyear as mortgage funds became scarcer; however, continued high rates of commercial construction and recovery in industrial building sustained total construction activity later in the year.

The agricultural sector of the state's economy had a mixed year. Cash farm incomes in general rose fur-

ther from improved 1958 levels as the year progressed, although livestock prices declined.

The actions of the Federal Reserve Board were of particular importance in shaping the economic climate in which our bank operated during the year. To prevent excessive inflationary pressures from developing, the monetary authorities allowed little growth in bank

reserves, with the result that there was only a small increase in bank deposits. In common with other banks, our bank experienced a substantially smaller growth in total deposits than was the case in 1958 when monetary policy was significantly easier and there was less pressure on reserves. This restraint on deposit growth, accompanied by growing credit demands of an expanding economy, made it necessary to meet some of the increased demands for credit by reducing our security holdings. In addition, this very strong demand for loans, in the face of a relative scarcity of available loanable funds, resulted in the bidding up of interest rates.

Because the maximum rate we may pay on time deposits is regulated by the Federal Reserve, rising competitive interest rates placed us at a disadvantage in attracting savings.

Net Operating Earnings Up Twelve Per Cent

Our earnings demonstrated the same favorable trend recorded in recent years, and gross operating earnings at \$500,145,268 were up \$53,855,290 over last year.

Interest of \$348,102,212 was derived from loans, and represented a significant increase over the comparable 1958 figure of \$299,982,330. Interest and dividends on securities, after amortization of premiums, amounted to \$75,092,862. Commissions, fees and other income amounted to \$76,950,194.

Operating expenses of \$413,847,348 included payments of interest amounting to \$138,605,052, and salaries and other operating expenses totaling \$182,587,438.

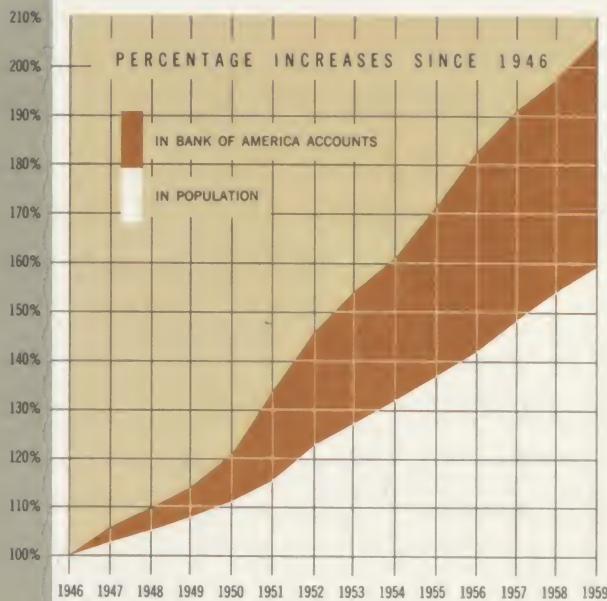
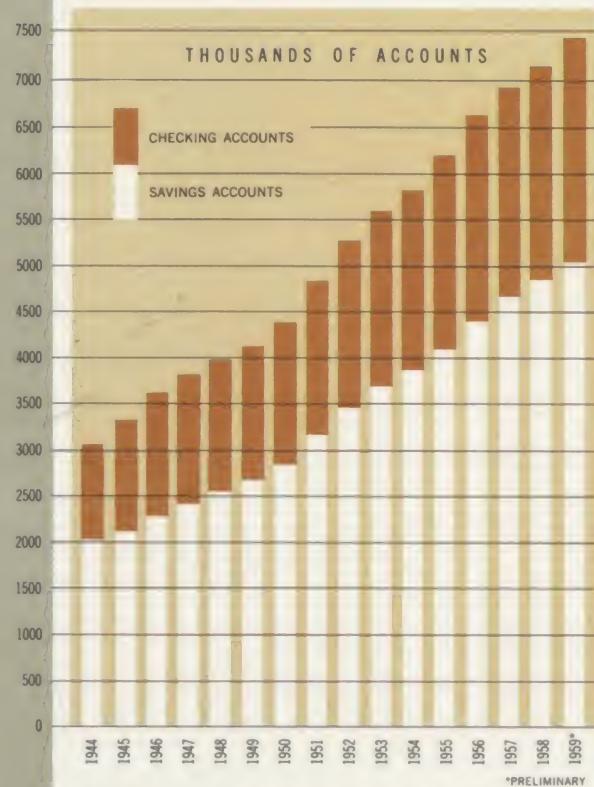
Taxes and assessments applicable to operations, at \$92,654,858, amounted to \$3.62 per share, and constituted a major burden on our earnings.

Net operating earnings, at \$86,297,920, were up 12%, as compared with the previous year's \$77,018,825 figure. On a per share basis, this amounted to \$3.37, as compared with \$3.01 last year.

To meet our customers' credit requirements, certain of our securities were allowed to mature and certain other securities were sold, and, although we took some losses on these sales, we did so in order to move these funds out of relatively low-yielding securities into higher-earning assets. Net losses on these securities transactions amounted to \$3,308,760.

Transfer of \$17,500,000 to the Reserve for Possible

Number of Deposit Accounts



Loan Losses resulted in an after-tax charge to earnings of \$9,219,000.

Our stockholders received \$48,640,000 in the form of our regular annual dividend of \$1.80 per share plus an additional cash dividend of 10 cents per share in the closing quarter. Payment of these dividends left \$25,130,160 as the balance of profits, which sum was added to Capital Funds, increasing these funds from \$607,536,823 to \$632,666,983, more than double what they were ten years ago. Capital Funds, combined with the Reserve for Possible Loan Losses of \$118,627,945, totaled \$751,294,928.

Deposits at Record High

Deposits increased \$317,397,189 to total \$10,624,958,182 at year-end, despite heavy pressures from rate competition and increased corporate and consumer spending.

Demand deposits, consisting primarily of the more than 2,400,000 checking accounts of individuals and businesses, increased \$352,466,266, and totaled \$5,327,676,665 at year-end.

Time deposits totaled \$5,297,281,517 at the end of the year. Within this general group, savings accounts were up \$125,000,000 over the previous year-end. This gain was offset, however, by decreases in other categories of time deposits. Foreign time deposits suf-

fered an \$85,000,000 decline. United States and State, County and Municipal Government time deposits declined \$38,000,000, and other domestic time deposits declined \$37,000,000. As a result, time deposits were down \$35,069,076 from the previous year-end, and, in general, the decrease principally reflected the strong rate competition from United States Treasury Bills.

Our deposit structure is well diversified, almost equally divided between demand and time deposits, and numbering nearly seven and one-half million accounts. Individual term savings accounts alone passed the three million mark shortly after midyear. Today, we have 489 deposit accounts for every 1,000 residents of California, as contrasted with ten years ago, when we had 399 deposit accounts for every 1,000 residents. As the charts on the preceding page show, our accounts are continuing to increase in number at a rate faster than the rise in population.

We shall continue our emphasis on programs designed to attract and to better serve our new and old depositors.

A Year of Outstanding Loan Service

Loan volume again reached another record high, making 1959 a year of outstanding loan service. The demand for credit was exceedingly high in relation to



In 1959 — as for many years — seasonal crop and livestock loans from Bank of America aided California's farmers.

the money supply and forced interest rates up throughout the year, the rate for prime commercial loans increasing a full one per cent (one-half per cent in May and one-half per cent in September). In keeping with this trend, higher rates were applied to new loans and renewals of existing loans.

Total loans and discounts stood at \$6,599,668,232 at year-end as compared with \$5,661,888,351 for the previous year. Loan volume moved steadily upward throughout the year, so that on December 31 outstanding were up \$937,779,881 from the same date in 1958, and recorded the largest loan increase in our history.

Commercial loans on December 31, were \$2,743,-615,000. This is an increase of \$535,919,000, or 24% for the year, reflecting the strong demand by business, industry and agriculture for loans, due to the high level of activity in nearly all economic areas.

Although money conditions throughout the nation were extremely tight, we were able to provide for the sound commercial loan requirements of our existing customers, and actively sought new good borrower-depositor relationships during the year.

A large increase was recorded in loans to finance agricultural crops and livestock, to aid in growing the products, in processing, shipping and in carrying of inventories.

Real Estate Loans. The continued dynamic growth of California during 1959, coupled with the fact that the growth rate in savings failed to keep pace with the demand for loans, resulted in an unusually heavy pressure on our bank for real estate financing. We were able to benefit from our long-standing policy under which our real estate loans are repayable on a monthly basis, thus furnishing a substantial supply of funds to meet current demands for credit. This helped make it possible for us to grant real estate loans totaling \$720,000,000 for the year. In addition, we provided assistance to many of our customers by helping them place their mortgages with other investors.

Real estate loans at December 31 totaled \$2,528,-255,000, an increase of \$221,571,000 during 1959, and approximately 59% are insured or guaranteed by agencies of the United States Government. Our real estate loans average about \$7,800 each.

Instalment credit loans as of the year's end reached a record total of \$1,327,798,000, representing an increase of 16% for the year. This trend reflected the vigorous expansion of the economy during 1959 and the importance of consumer credit in financing the purchase of consumer goods. During the year, we



made more than \$3,650,000,000 in instalment credit loans, and repayments totaled in excess of \$3,470,000,000.

These loans conducted under our nationally-known trademark — TIMEPLAN — include inventory, contract and accounts receivable financing for dealers. Personal and home improvement loans and financing a wide variety of consumer and income-producing equipment constitute about 70% of our TIMEPLAN lending. Our instalment credit loans are offered directly to the individual as borrower and indirectly, through thousands of TIMEPLAN dealers, to purchasers of automobiles, household appliances, mobile homes, trucks, farm and industrial equipment and other consumer and business items. Expansion of TIMEPLAN service was very broad. Almost every instalment loan category contributed to the increase in volume, with automobile financing accounting for the largest share.

Investment Income Increases

Reflecting the extension of the business upswing to new peaks of activity, interest rates rose during the year to the highest levels in more than a generation, causing a decline in the value of fixed income obligations. In order to meet the increased demand for loanable funds during the year, our securities portfolio was reduced \$692,146,915. This resulted in losses of \$3,308,760, after Federal taxes, but the effect of these losses is offset by the fact that the funds obtained were moved into higher earning assets.

The \$1,796,335,874 of U. S. Government and U. S. Government-guaranteed securities at the end of the year included \$312,510,446 maturing within one year; \$829,603,679 within two years; and \$1,493,960,339, or 83%, within five years. At December 31, 1959, the average maturity of three years and one month can be compared with three years and two months at the previous year's end.

Consistent with the demand for funds, there was also a reduction in the amount of state, county and municipal securities held, so that at the close of the year municipal bond holdings totaled \$704,043,718, a reduction of \$36,246,473 for the year, accomplished principally by allowing out-of-state securities, primarily purchased for this purpose, to mature without replacement.

While there was a net decline in tax-exempt holdings, the bank continued to reinvest the funds realized

from maturing obligations in one- to ten-year bonds of the State of California and its political subdivisions, with no appreciable change in the average life of this segment of the investment account.

The average tax-exempt yield was 2.202% as of the end of 1959, as compared with 2.097% at the end of 1958. The average life of these holdings was 72.2 months at the year's end, compared with 75.1 months at the end of 1958, and 88.0 months at the end of 1957.

Tax-exempt interest income totaled \$16,439,717 for the year, compared with \$15,294,858 earned in 1958.

Public financing by the State of California and its political subdivisions continued at a high level despite rising borrowing costs, and for the year totaled \$957,332,800, comprising 590 issues. Our Municipal Bond Department organized and managed underwriting syndicates which purchased 213 issues totaling \$557,132,000, 58.2% of the total amount placed on the market.

In summary, at year-end the entire securities portfolio stood at \$2,725,392,943, compared with \$3,417,539,858 for the previous year. Despite the reduction in the portfolio, total interest and dividends, after amortization of premiums, amounted to \$75,092,862, an increase of \$645,852 over the previous year's figure of \$74,447,010.

As "bankers to business," Bank of America offers a wide range of services — from large-scale commercial loans to a small business service designed to encourage new enterprises.



STATEMENT OF CONDIT

(Figures of Overseas Branches)

RESOURCES

Cash and due from banks.....	\$ 1,950,683,148.31
United States Government securities and securities guaranteed by the Government.....	\$ 1,796,335,874.20
Federal agency securities.....	91,584,957.73
State, county, and municipal securities.....	704,043,718.78
Other securities	118,428,392.56
Stock in Federal Reserve Bank.....	<u>15,000,000.00</u>
TOTAL SECURITIES	2,725,392,943.27
Loans guaranteed or insured by the United States Government or its agencies.....	1,506,864,657.40
Other loans to customers for use in their businesses, for building, buying, or modernizing their homes, for financing automobile or household equipment purchases, etc.....	5,092,803,574.29
Interest due on bonds and loans, and accounts receivable.....	74,916,005.13
Customers' liability for acceptances.....	158,182,278.88
Bank premises, furniture, fixtures, and safe deposit vaults, carried at cost less depreciation reserve of \$48,640,422.74	157,408,186.09
Other real estate owned. Unoccupied bank premises and real estate acquired in the settlement of debt, carried at less than cost or at appraised value.....	944,748.97
Other resources, deferred charges, etc.....	<u>2,208,803.92</u>
TOTAL RESOURCES	\$11,669,404,346.26

Member Federal Reserve System . . . Member



Bank of Am

(INTL)

A who
Condensed Stateme
(Branch Figures)

RESOURCES

Cash and due from banks.....	\$ 130,146,316.11
United States Government obligations, direct and fully guaranteed.....	16,126,160.15
Other securities	13,566,188.74
Loans and discounts	169,789,764.84
Accrued interest	1,441,213.26
Customers' liability for acceptances....	27,613,217.27
Bank premises, furniture, and fixtures..	3,461,985.63
Other resources	<u>1,765,942.60</u>
TOTAL RESOURCES.....	\$363,910,788.60

ION DECEMBER 31, 1959

(are as of December 24, 1959)

LIABILITIES

Capital. Representing the investment of over 200,000 stockholders of record	\$ 160,000,000.00
Surplus. Paid in by stockholders or accumulated from earnings.....	340,000,000.00
Undivided profits. Profits accumulated and reinvested in the business....	126,395,447.17
Reserves. Set aside out of our accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies.....	<u>6,271,536.14</u>
TOTAL CAPITAL FUNDS.	\$ 632,666,983.31
Reserve for possible loan losses. To apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans.....	118,627,944.96
Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, United States and other Governments, the State of California and political subdivisions thereof.....	\$5,327,676,664.66
Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, cor- porations, firms, banks, United States and other Governments, the State of California and political subdivisions thereof.....	<u>5,297,281,517.35</u>
TOTAL DEPOSITS	10,624,958,182.01
Liability on acceptances	160,180,326.22
Reserve for interest received in advance	86,237,762.52
Reserve for interest payable on time deposits and for taxes and other expenses	<u>46,733,147.24</u>
TOTAL LIABILITIES	<u>\$11,669,404,346.26</u>

per Federal Deposit Insurance Corporation

america—New York

INTERNATIONAL)
ly-owned Subsidiary
t of Condition December 31, 1959
are as of December 24, 1959)

LIABILITIES

Capital	\$34,000,000.00
Surplus	6,800,000.00
Undivided profits	<u>1,233,651.44</u>
TOTAL CAPITAL FUNDS	\$ 42,033,651.44
Reserve for possible loan losses.....	3,091,776.86
Deposits	287,887,653.94
Liability on acceptances.....	28,275,491.24
Reserve for interest received in advance.....	659,701.60
Reserve for interest, taxes, etc.....	<u>1,962,513.52</u>
TOTAL LIABILITIES	<u>\$363,910,788.60</u>

International Activities Expand

1959 was a good year for most of the economies of the free world. The United States and the other leading industrial nations recovered rather smoothly from the comparatively short-lived recession of 1958, which was generally less pronounced in Western Europe and in Japan than in this country.

After a temporary decline, the volume of international trade resumed its improving trend, aided by the relaxation of trade barriers and foreign exchange restrictions. Trade generally favored industrial nations, benefiting particularly the United States, Western Europe and Japan. Less developed countries, depending to a large extent on the exportation of raw materials and foodstuffs, suffered in varying degrees from declining prices.

The balance of payments of the United States continued to show a deficit during 1959. This was mainly due to the fact that, while exports have declined somewhat, imports increased rather sharply, particularly from Western Europe. At the same time, the outflow of funds for foreign travel, military expenditure, foreign aid and capital investments continued at high levels. As a result, the United States lost some gold, particularly to Western Europe. As the year was drawing to a close, improved export prospects and an inflow of short-term capital attracted by higher yields prevailing in this country indicated that a further loss of gold may be halted.

During 1959 Bank of America continued to improve and expand its facilities abroad. Pictured opposite is the Paris Branch, relocated in handsome offices on historic Place Vendome.

The shortage of U. S. dollars, characteristic of the postwar years, has all but disappeared with respect to Japan and Western Europe, both of which were able to substantially improve their balance of payments and to build up their reserves of gold and dollar exchange.

An outstanding development of the year was the stepped-up pace of the economic integration of the six-nation European "Common Market" and a recent agreement among the members of the free trade area—also known as the "Outer Seven"—comprising the United Kingdom, Austria, Denmark, Norway, Portugal, Sweden and Switzerland.

Plans for other "Common Markets" in Central America and among some South American nations, as well as similar plans between the Arab countries, were subjects of further discussions during 1959.

The highlight of 1959 for Western Europe was the great improvement in the balance of payments and foreign exchange position of France. The successful development of the oil and gas resources of the Sahara and the completion of the first pipeline to the Mediterranean augurs well for the French economy.

Western Europe—in particular the United Kingdom, West Germany, France and Switzerland—as well as Japan, continued to gain in importance as sources of investment capital and long-term loans to less developed nations, in growing competition with the United States.

Economic conditions in Mexico and in the Central

American area generally continued favorable, but some Latin American nations were still plagued by inflation and balance-of-payment difficulties.

Developments in Asian countries reflected mixed trends during the year under review. Economic progress was most pronounced in Japan, and India showed measurable success on the road to industrialization and in achieving a greater degree of stability. Some countries in Southeast Asia were adversely affected by the decline in the prices of their major export commodities, while others benefited from better export prices.

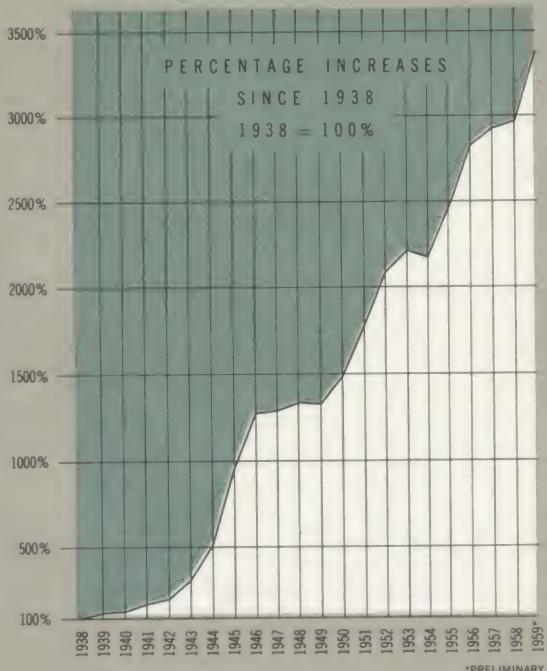
There were no major changes in the economic conditions in the Near East. On the other hand, efforts of newly independent African nations for the development of their national economy were gaining momentum.

This, then, was the economic background for our bank's extensive international activities. Our patterns of growth have been satisfactory, reflecting the excellence of our relationships with foreign banks, governmental agencies and international business firms.

As a service to our customers, our overseas managers and representatives, together with officers from our International Banking Division and Bank of America (International), held a series of panel discussions dealing with the Far East, Latin America, Europe, the Middle East and Africa. More than 250 of our customers, primarily interested in international trade, attended these meetings, held at the end of



Annual Worldwide Sales of Bank of America Travelers Cheques



September prior to our Worldwide Management Conference.

During the year, our own Bank of America Travelers Cheques showed a 13% increase in their sales, an addition of 850 new selling outlets and a continued increase in net profit. With well over 10,000 outlets domestically and overseas, the market prospects for this important service are most favorable.

Bank of America NT&SA opened a second military facility on Guam at the U. S. Naval Station, and plans to open a new branch at Naha, Okinawa, during 1960. Expansion plans for the West End Branch in London and for the Bangkok Branch, Thailand, will be placed in effect during the year to come. Approval has been received from the Federal Reserve Board for establishment of a branch in Buenos Aires, Argentina, and discussions are now taking place with the appropriate Argentine authorities looking toward completion of the necessary formalities.

Highlights of the activities of our wholly-owned subsidiary, Bank of America (International), included the move to its new headquarters building at 37 Broad Street in New York City; the addition of Kuala Lumpur in the Federation of Malaya, and Hong Kong to its world-wide system of branches; the establishment of a sub-branch for the Guatemala City branch; and the improvement through relocation of the physical facilities for its Paris and Beirut branches.

Bank of America (International) owns a controlling interest in Banca d'America e d'Italia, with head-

Banca d'America e d'Italia Condensed Statement of Condition December 31, 1959

RESOURCES

Cash on hand and due from banks and correspondents	Lire 54,803,672,741
Cash and Government securities deposited with Banca d'Italia.....	34,726,074,833
Investment in government securities..	9,667,680,873
Investment in other securities and participations	3,529,758,829
Bills discounted	29,113,434,595
Loans and advances.....	52,988,688,510
Bills held for collection.....	6,464,948,278
Customers' liability under acceptances, guarantees, documentary credits, etc.	26,512,862,217
Bank premises (Revalued in accordance with law)	2,021,652,073
Furniture and fixtures.....	1
Other assets	4,987,590,161
Assets of staff liquidation fund.....	3,831,950,439
TOTAL RESOURCES	Lire 228,648,313,550

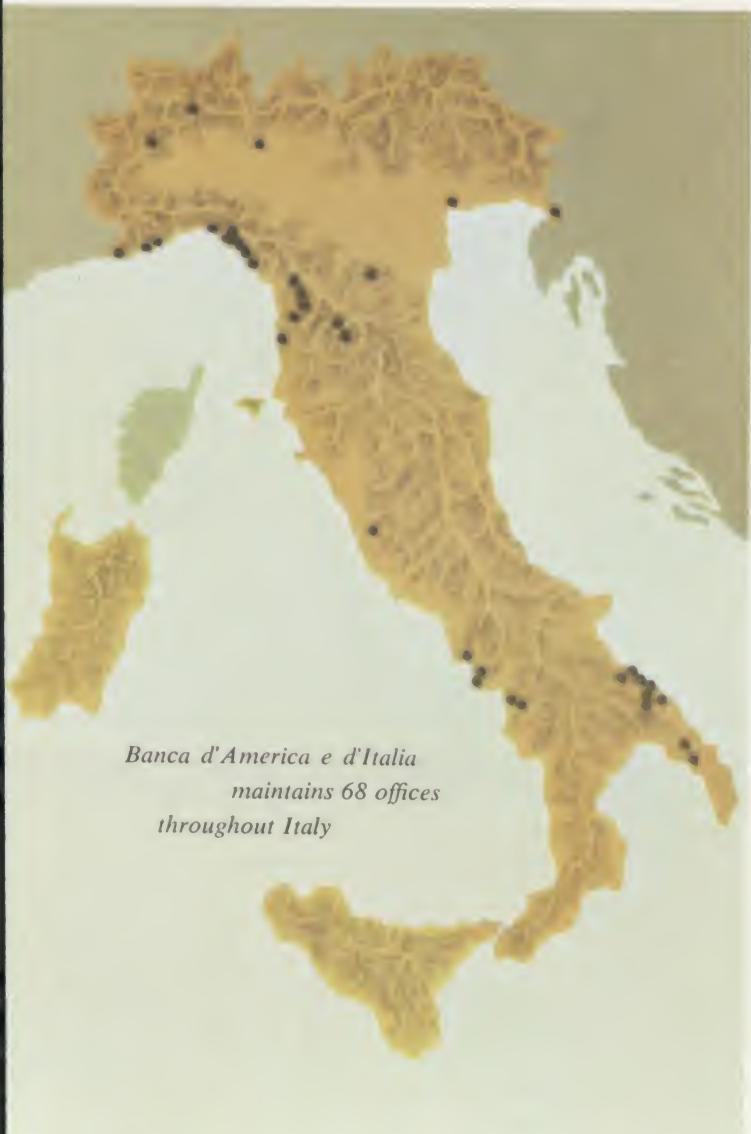
LIABILITIES

Capital.....	Lire 1,300,000,000
Surplus	1,700,000,000
Undivided profits	907,016,008
Reserve arising from revaluation of bank premises.....	918,170,417
Deposits and other accounts.....	175,351,429,975
Acceptances, guarantees, documentary credits, etc.	26,512,862,217
Unearned discount	669,287,595
Bills received for collection.....	6,394,870,908
Other liabilities and provisions for future contingencies	10,420,555,382
Staff liquidation fund.....	3,831,950,439
Pension fund	642,170,609
TOTAL LIABILITIES.....	Lire 228,648,313,550

This is an unaudited balance sheet and in accordance with Italian banking practices is subject to the approval of the Board of Directors and Shareholders at the Annual Meeting in Milan in March of 1960.

quarters in Milan. With 68 offices throughout Italy, Banca d'America e d'Italia enjoyed marked increases in its deposits and total resources during the year, and its earnings continued to be satisfactory.

Net operating earnings of Bank of America (International), before transfers to reserves, were \$2,211,624, the comparable figure for 1958 being \$2,187,745. Net profit on securities transactions amounted to \$14,829 for the year. Earnings set aside in special valuation reserves for an early write-down of assets carried as overseas investments totaled \$934,614. This included \$569,000 in dividends, net after taxes, received from Banca d'America e d'Italia. In addition, an after-tax charge against earnings of \$240,000 resulted from a transfer to the Reserve for Possible Loan Losses. In December, a \$3.00 per share dividend of \$1,020,000 was declared and paid on its 340,000 shares, and the balance of earnings and profits was added to Capital Funds.



Banca d'America e d'Italia
maintains 68 offices
throughout Italy

Trust Services Grow

From all major aspects, 1959 must be judged the Trust Department's best year, with gross and net income exceeding all previous years and new trust business of all types obtained during the year setting a new high.

The volume of trust assets has nearly doubled in the past five years, and the total number and value of wills maturing in 1959 continued at a high level. There was also a large increase in trusts created by wills, their number and dollar value substantially exceeding those established in the previous year. A greater number of living trusts and investment management agencies were opened, and custodianship of securities for individuals and organizations of various types, trusts for minors, and trusts to minimize overall family taxes, continued to increase during the year. The number of pension and profit-sharing plans established in 1959 exceeded the previous year, adding substantially to the already large number of such trusts under administration by our bank.

Our Diversified Common Trust Fund, valued at over \$72,000,000 with more than 2,500 trusts participating, completed its twelfth year of providing investment diversification to small and medium-sized trusts.

At the completion of its third fiscal year of operation during 1959, our Investment Fund for Retirement Plans held assets of more than \$9,000,000. This fund provides investment diversification for every type of pension and profit-sharing plan. A new service, "TRUSTPLAN for Profit Sharing Programs," was inaugurated during the year to provide assistance in the establishment and management of profit-sharing plans. It is available to businesses of all kinds and sizes and permits participation in the Investment Fund for Retirement Plans.

This year, many eastern corporations, recognizing California's population increase and the desirability of providing convenient stock transfer facilities for their shareowners, established co-transfer facilities with Bank of America—ideally situated through its branch and bank correspondent system in close proximity to shareholders in all of the Western States.

In past years, the handling of estates was the major portion of Trust Department activity, but, in recent years, trust and investment services for living persons, administration of retirement programs for corporations and specialized corporation services continue to increase and now constitute a much higher proportion of trust activity.

Branches Pass 650 Mark

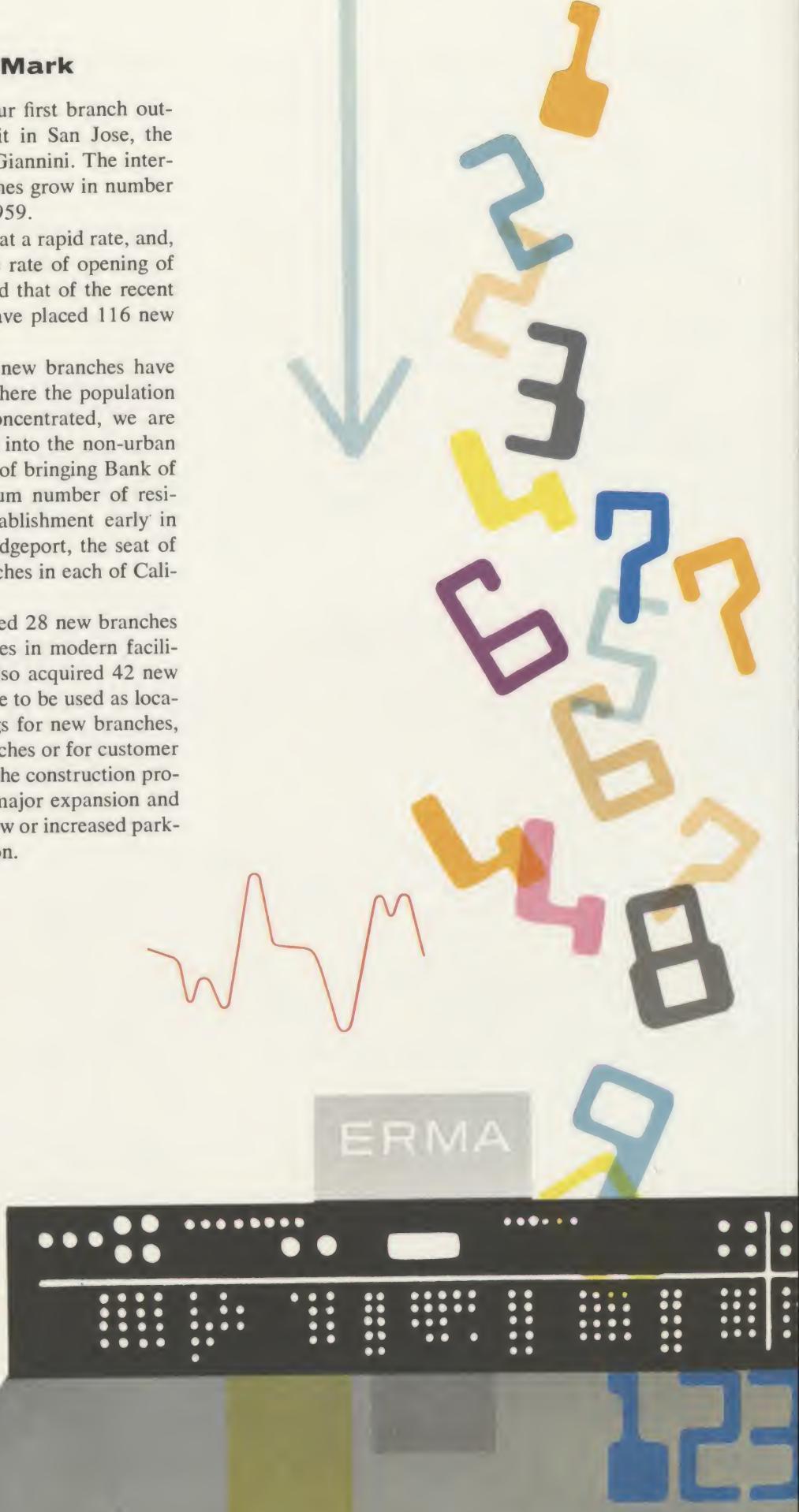
Fifty years ago, we established our first branch outside of San Francisco, locating it in San Jose, the birthplace of our founder, A. P. Giannini. The intervening years have seen our branches grow in number to a total of 664 as of the end of 1959.

Our state is continuing to grow at a rapid rate, and, during the foreseeable future, the rate of opening of new branches will equal or exceed that of the recent past. In the last five years, we have placed 116 new branches in operation.

Although the majority of our new branches have been established in those areas where the population growth of the state has been concentrated, we are continuing to extend our services into the non-urban areas, in keeping with our policy of bringing Bank of America facilities to the maximum number of residents of the state. With the establishment early in 1960 of a planned branch in Bridgeport, the seat of Mono County, we will have branches in each of California's 58 counties.

During the past year, we opened 28 new branches and relocated 27 existing branches in modern facilities at improved locations. We also acquired 42 new property sites by purchase or lease to be used as locations for construction of buildings for new branches, for the expansion of present branches or for customer parking areas. Another phase of the construction program saw 29 projects involving major expansion and modernization work, with nine new or increased parking areas being placed in operation.

1959 marked the official debut of Bank of America's ERMA (Electronic Recording Method of Accounting)—the world's first fully automated checking account system.



ERMA in Operation

1959 brought into productive operation ERMA Centers in San Jose and in Los Angeles which collectively were electronically processing some 200,000 individual customers' accounts by year-end. A third installation in North Hollywood is scheduled to begin operation after the first of the year, with six additional ERMA Centers to go into operation in 1960. The balance are scheduled to follow during 1961 and by the end of that year ERMA Centers geographically distributed throughout the state will be processing more than two million individual checking accounts.

After extended tests, new semi-automatic bookkeeping machines were installed in 37 branches located in geographically isolated areas where volume does not warrant an operation of the scope of ERMA. The installation of these new machines is designed to permit the application of electronic techniques to the improvement of record keeping in the branches not served by ERMA.

Electronic Data Processing

The expansion of electronic data processing has continued, with the two Centers in Los Angeles and San Francisco now servicing more than 1,000,000 individual Real Estate and TIMEPLAN loans for 275 branches.

These Centers are now operating almost nineteen hours a day, seven days a week, processing an ever-increasing volume of accounting statistics. For example, the volume of Systematic Investment Accounts being processed has now increased to 64,000 accounts, and more than 80,000 Branch Clearings entries are being reconciled daily, reflecting the adjustment of debits and credits between branches.

Bankamericard Installed

The statewide installation of our Charge Account Plan, now more commonly identified as the BANKAMERICARD plan, was completed in October. Nearly two million California families hold our BANKAMERICARD, which is honored by more than 25,000 merchant and professional members.

A major purpose in introducing this credit card system was to help our customers use their credit wisely, consolidating their bill payments into one monthly invoice, and to assist merchants by assuming the credit load which they have carried alone in the past, thereby freeing their capital for improvements, expansion, increased inventory and many other uses.

Families using the BANKAMERICARD are recognizing the value of the plan in providing the beginnings of a personalized budget system. One of the most encouraging phases of the program has been the 8,000 new merchant deposit accounts which have enabled us to operate without interfering with the money requirements of other banking services.

The BANKAMERICARD is one of the many services provided our customers and the people of California, and it is our expectation that this will develop into one of the important services of the bank.

Customer Payroll Service

The Customer Payroll Service has met with unusually favorable reaction. Due to the need for key personnel for the BANKAMERICARD installation, we were not able to actively develop this plan throughout the entire year, but during 1960 we expect to increase our efforts on behalf of this plan and to provide a second and more extensive plan, making the service available to a much wider range of companies.

Research Emphasized

Through research we strive to produce services for the convenience and benefit of all types of customers and as added sources of income for our shareholders. We shall continue these research programs, seeking to develop these new areas of service and to improve our systems and equipment through the application of modern techniques.



Worldwide Management Conference

Managers of all of our branches, both in California and overseas, and administrative officers met in San Francisco October 1 and 2 for our first Worldwide Management Conference.

The conference had as its central theme the importance of the individual in our organization, reiterating our basic philosophy that our strength lies in the efforts and teamwork of individual members of the Bankamerican family.

Speakers included leaders in business and government, as well as officers and directors of our bank.

Regional Meetings Held

A series of regional meetings for all of our managers was held throughout the state in January, to report on the accomplishments of the year ended and to define the objectives for the year then beginning.

Personnel—a Key to Success

Our long-established policy of promotion from within resulted in approximately 3,000 promotions being made during the year in our official and non-official ranks, with more than 500 of these being new officer appointments.

Training and development programs continue to show good results, and more than 420 men and women were on full-time, on-the-job training programs at year-end. During the year, 175 individuals were graduated from these programs.

More than 5,000 employes attended classes at the American Institute of Banking, and we are gratified at this high interest in education aimed at career banking.

Depth of experience of our staff remained relatively stable in spite of new employments necessary to take

This fall, Bank of America held its first Worldwide Management Conference in San Francisco; Senior executive officers, managers and representatives from around the world attended the two-day event.



care of expanded work loads incidental to such new programs as the installation of BANKAMERICARD and conversion to ERMA, and from general increases in activity and new branches opened.

Participation in the Employe Stock Purchase Plan continues at a favorable level, with more than 4,000 employes enrolled therein. In addition to this Plan, more than 10,500 of our employes are participating in the stock ownership program under our Family Estate Plan.

Among the Bankamericans who reached retirement age during 1959 were two Executive Vice Presidents, both veterans of many years of service with our bank, Walter J. Braunschweiger and Russell G. Smith. Elected Executive Vice Presidents during the year were Keath L. Carver, Frank M. Dana, Louis B. Lundborg and Samuel B. Stewart.

The loyalty and dedication to duty of our staff has been a source of strength throughout this as well as other years.

Board of Directors and Advisory Council

Elected to our Board of Directors this year were three prominent business leaders: Owen R. Cheatham, Walter A. Haas, Jr., and Grover D. Turnbow.

Mr. Cheatham is Chairman of the Board of Georgia-Pacific Corporation, one of the nation's largest integrated producers of forest products. Mr. Haas is President of Levi Strauss & Co., a nationally-known apparel firm. Mr. Turnbow, President of Foremost Dairies, is a leading figure in the dairy industry.

We record with regret the passing of two of our directors, each with over twenty-seven years of active service on our Board. They were Leon Bocqueraz and Joseph A. Cereghino. Mr. Bocqueraz, who died on September 22, had been an executive officer of our bank and Vice Chairman of the Board prior to his retirement in 1937. Mr. Cereghino, well known in industrial and agricultural circles, died on November 21, 1959.

We are deeply grateful to the members of our Board of Directors and of our Advisory Council for the advice and counsel we have received from them.

Prospects for the Future

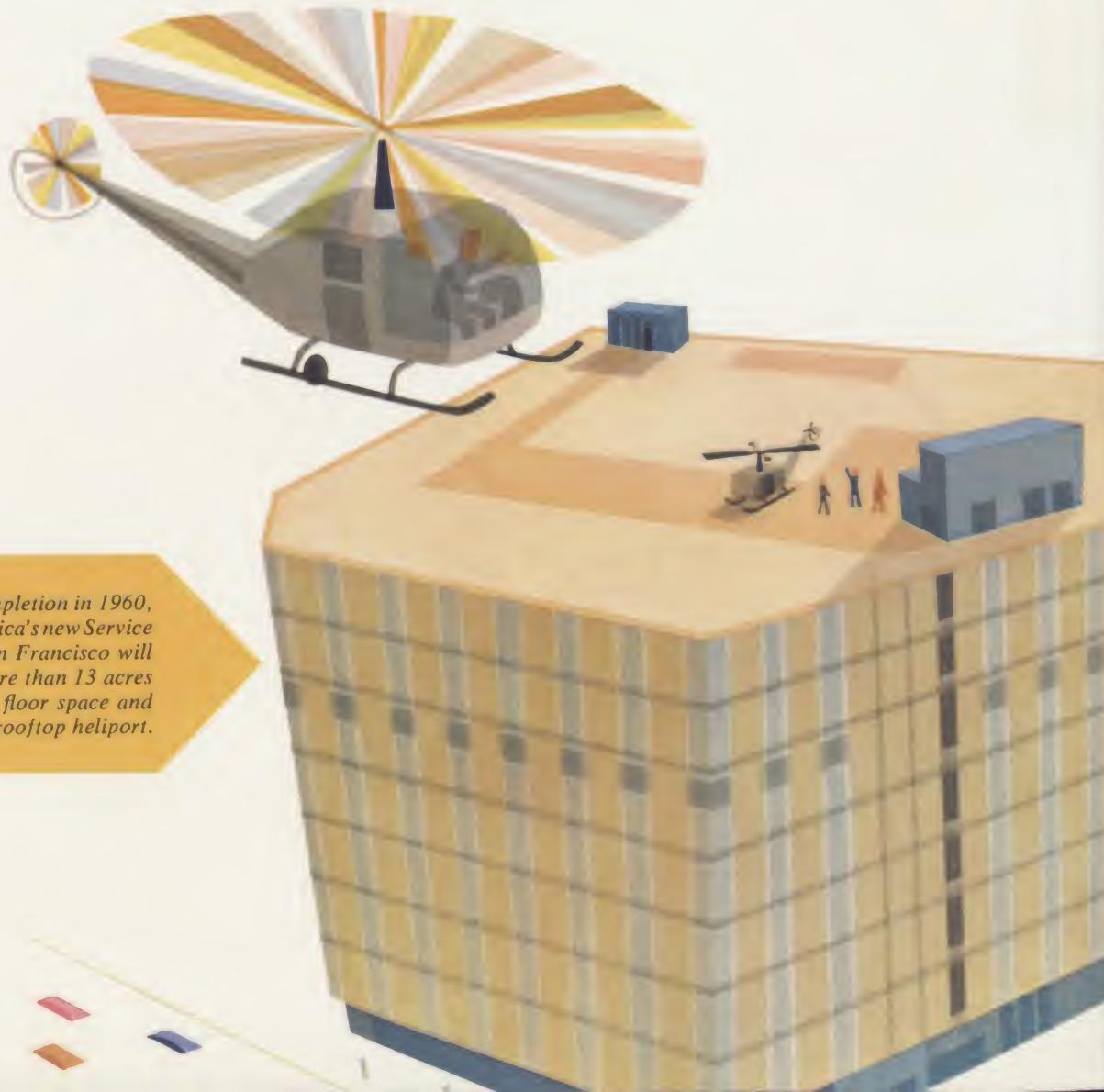
Economic expansion should continue throughout the year 1960. Confident consumers and business managements, enjoying increased income and profits, should keep the nation's demand for goods and services high and rising. Improved international liquidity and growing economic activity levels throughout the Free World foretell an expanded volume of foreign trade in the year ahead.

The rising tide of confidence in the soundness of the business expansion is the most significant factor in the national economic outlook. Consumer confidence and expanding real income have generated a ready disposition on the part of consumers to spend—a trend which should insure active markets and a rising business curve throughout the year.

So far, prices have been relatively stable during this period of advancing prosperity. We can hope for a continuation of this favorable price trend if we, as individuals, citizens and businessmen, seek ways to insure greater productivity in our economy through appropriate tax and investment policies, and insist that the inflationary effects of sustained governmental deficits be avoided.

California should share fully in the expansion ahead, and the year 1960 should prove to be another period of sound and substantial growth for Bank of America.

*Scheduled for completion in 1960,
Bank of America's new Service
Center in San Francisco will
have more than 13 acres
of usable floor space and
will feature a rooftop heliport.*



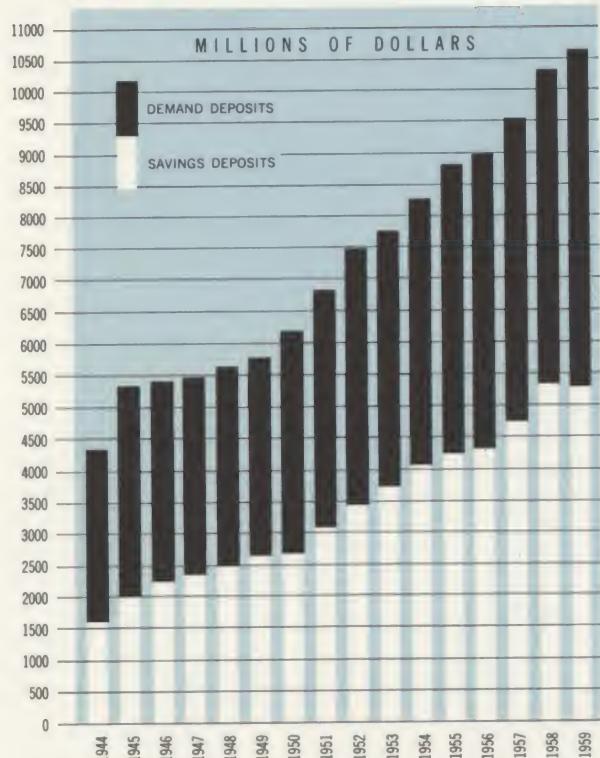


Board of Directors and Advisory Council

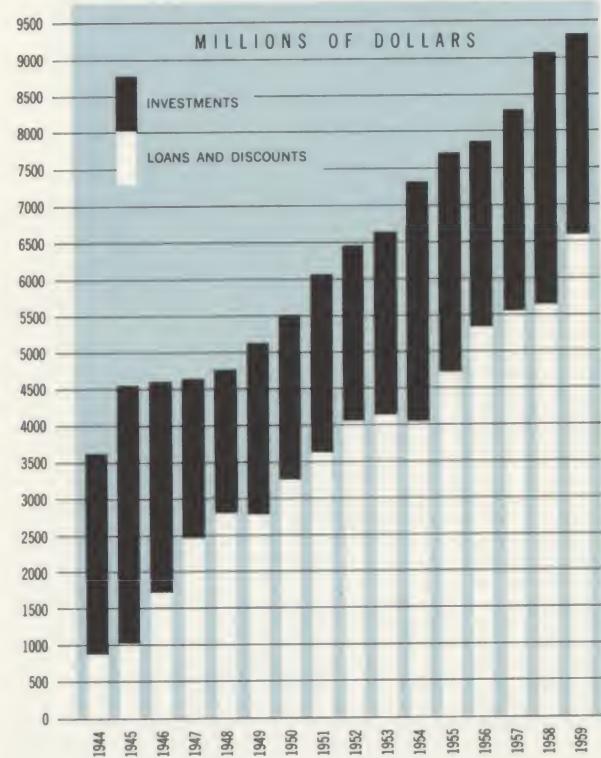
- Harry S. Baker
*Producers Cotton Oil Co.
Fresno, California*
- H. M. Bardt*
*Executive Vice-President
Bank of America N. T. & S. A.*
- S. Clark Beise
*President
Bank of America N. T. & S. A.*
- Wheclock H. Bingham
*R. H. Macy & Co., Inc.
New York, New York*
- Marsden S. Blois*
*Miller & Lux Incorporated
San Francisco, California*
- W. J. Braunschweiger*
Los Angeles, California
- K. L. Carver*
*Arden Farms Company
Los Angeles, California*
- Keath L. Carver*
*Executive Vice-President
Bank of America N. T. & S. A.*
- Owen R. Cheatham
*Georgia-Pacific Corporation
New York, New York*
- Austin T. Cushman
*Sears, Roebuck & Co.
Los Angeles, California*
- F. M. Dana*
*Executive Vice-President
Bank of America N. T. & S. A.*
- Robert Di Giorgio
*Di Giorgio Fruit Corp.
San Francisco, California*
- R. P. A. Everard*
Kentfield, California
- Forrest Frick*
*Rancher
Bakersfield, California*
- F. A. Ferroggiaro
Oakland, California
- Alfred J. Gock
*Consolidated Freightways, Inc.
Menlo Park, California*
- John S. Griffith
*John S. Griffith—Properties
Buena Park, California*
- Walter A. Haas, Jr.
*Levi Strauss & Co.
San Francisco, California*
- Marshal Hale, Jr.
*Hale Bros. Realty Co.
San Francisco, California*
- Prentis C. Hale
*Broadway-Hale Stores, Inc.
San Francisco, California*
- Mrs. Claire Giannini Hoffman
San Mateo, California
- Robert E. Hunter*
*Property Management
Santa Barbara, California*
- Eric A. Johnston
*Motion Picture Association of America, Inc.
Washington, D. C.*
- Edgar F. Kaiser
*Kaiser Industries Corp.
Oakland, California*
- Louis B. Lundborg*
*Executive Vice-President
Bank of America N. T. & S. A.*
- Harry A. Mazzera
*Mazzera, Snyder & De Martini
Stockton, California*
- Lloyd Mazzera*
*Executive Vice-President
Bank of America N. T. & S. A.*
- Garret McEnerney II
*McEnerney & Jacobs
San Francisco, California*
- Wm. Wallace Mein
*Director—Flintkote Company
San Francisco, California*
- Frank C. Mitchell*
San Jose, California
- Charles M. Paganini*
*Security Lithograph Co.
San Francisco, California*
- Neil Petree
*Barker Bros. Corporation
Los Angeles, California*
- Louis A. Petri
*United Vintners Inc.
San Francisco, California*
- Roland Pierotti*
*Assistant to the President
Bank of America N. T. & S. A.*
- Charles H. Quinn*
*Director, Electrical Products Corp.
Los Angeles, California*
- Frank F. Risso*
San Mateo, California
- J. H. Rosenberg*
*Lehman Brothers (New York City)
Los Angeles, California*
- A. E. Sbarboro
San Francisco, California
- Russell G. Smith*
Ross, California
- Samuel B. Stewart*
*Executive Vice-President
Bank of America N. T. & S. A.*
- Jesse W. Tapp
*Chairman of the Board
Bank of America N. T. & S. A.*
- Roland Tognazzini
*Union Sugar Company
San Francisco, California*
- Grover D. Turnbow
*Foremost Dairies, Inc.
San Francisco, California*
- Carl F. Wente
San Francisco, California

*Advisory Council Member

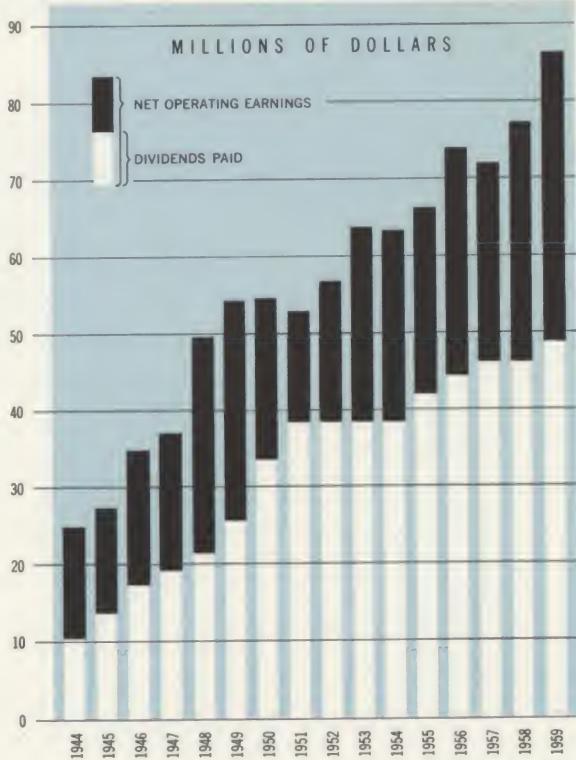
Deposits



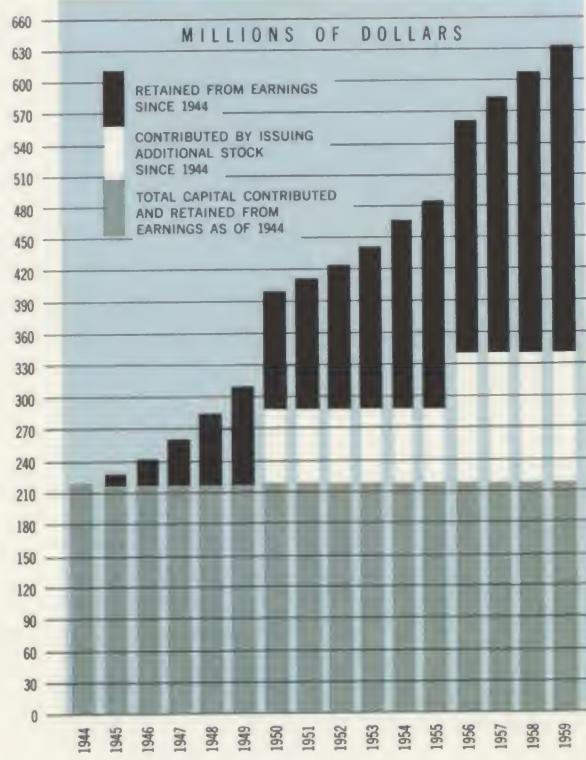
Loans and Investments



Net Operating Earnings



Capital Growth



55 Years of Growth of Bank of America NT&SA

Dec. 31	Total Deposits	Capital	Surplus and Undivided Profits	Loans and Discounts	Investments in Securities	Total Resources	Number of Deposit Accounts	Number of Branches in California
1904	\$ 134,413	\$ 150,000	\$ 1,024	\$ 178,400	\$ 34,446	\$ 285,437	①	1
1905	703,024	300,000	10,000	883,522	24,505	1,021,291	①	1
1906	1,348,723	500,000	31,565	1,471,123	81,571	1,899,947	①	1
1907	1,660,324	500,000	46,945	1,678,222	57,884	2,221,347	①	2
1908	1,728,899	750,000	78,673	1,669,567	57,884	2,574,005	①	2
1909	2,929,495	750,000	90,820	2,445,137	266,628	3,817,218	①	3
1910	5,348,151	1,000,000	150,000	4,159,459	858,547	6,539,861	①	3
1911	7,129,456	1,000,000	201,649	4,885,974	1,638,000	8,379,347	①	3
1912	9,916,018	1,000,000	251,437	7,092,823	1,846,769	11,228,815	①	4
1913	14,226,242	1,250,000	330,390	10,282,785	2,406,706	15,882,912	42,378	7
1914	16,272,563	1,250,000	350,217	11,457,790	2,677,718	18,030,402	50,253	7
1915	20,474,873	1,250,000	374,244	12,970,068	5,084,363	22,321,861	58,854	7
1916	36,804,776	2,000,000	691,452	23,682,894	7,527,408	39,805,995	90,683	12
1917	72,044,729	3,000,000	1,100,000	47,004,189	13,308,177	77,473,153	141,298	19
1918	85,937,839	5,000,000	2,000,000	59,869,035	14,538,649	93,546,162	161,626	24
1919	127,258,626	6,000,000	2,500,000	74,737,335	33,855,881	137,900,700	189,511	24
1920	140,993,545	9,000,000	3,913,240	95,127,616	37,199,447	157,464,685	221,788	24
1921	177,867,611	10,000,000	5,036,948	116,911,735	43,499,682	194,179,450	291,994	41
1922	229,751,526	15,000,000	7,529,844	152,989,286	59,090,529	254,282,290	401,798	61
1923	276,548,879	15,000,000	8,616,832	200,505,931	56,543,859	301,963,478	485,136	75
1924	328,963,919	17,500,000	10,561,578	204,472,438	96,489,255	358,656,302	548,265	87
1925	389,433,241	17,500,000	13,474,173	228,793,066	121,678,890	422,838,587	595,032	98
1926	416,656,511	20,000,000	16,928,035	255,557,233	129,630,279	460,981,773	616,313	98
1927	645,002,138	37,500,000	25,540,829	403,864,139	238,856,707	765,188,977	1,083,303	289
1928	698,435,841	50,000,000	55,756,632	410,276,641	272,884,061	847,910,539	1,139,076	290
1929	893,892,733	50,000,000	58,251,159	541,617,718	246,538,740	1,055,113,373	1,444,090	292
1930	998,039,477	50,000,000	54,136,374	669,258,341	249,139,543	1,161,895,889	1,625,381	353
1931	749,796,772	50,000,000	54,290,312	548,431,954	237,965,856	925,150,152	1,542,783	346
1932	700,447,811	50,000,000	49,890,774	480,675,374	262,952,550	876,309,347	1,380,550	345
1933	767,817,646	50,000,000	49,591,605	458,693,566	311,084,996	941,001,838	1,357,224	345
1934	978,332,802	50,000,000	47,164,341	461,645,975	477,989,657	1,142,323,319	1,547,604	413
1935	1,155,265,465	50,000,000	50,867,307	451,009,354	622,694,559	1,277,419,381	1,677,558	421
1936	1,298,976,759	50,000,000	55,024,112	532,076,966	625,809,982	1,430,337,201	1,911,035	466
1937	1,357,378,756	50,000,000	59,104,964	630,668,811	553,131,379	1,493,373,095	2,123,057	491
1938	1,437,027,491	50,000,000	64,058,600	673,828,309	557,632,428	1,574,721,670	2,182,298	494
1939	1,482,791,676	50,000,000	66,845,842	711,054,697	604,268,671	1,628,586,278	2,268,843	495
1940	1,632,228,397	62,000,000	82,278,753	778,295,101	668,676,296	1,817,535,186	2,384,551	495
1941	1,908,383,921	60,800,000	83,634,808	914,569,553	693,113,910	2,095,635,619	2,538,783	495
1942	2,586,140,699	59,215,920	83,151,214	840,469,960	1,265,749,444	2,771,689,632	2,512,805	487
1943	3,498,153,210	58,102,920	87,051,168	810,660,642	2,095,432,722	3,697,912,675	2,743,231	488
1944	4,350,539,688	68,085,560	140,779,201	894,436,931	2,740,064,364	4,609,124,133	3,054,803	491
1945	5,339,307,098	108,085,560	117,155,495	1,018,741,456	3,533,172,278	5,626,063,927	3,316,494	493
1946	5,415,849,715	106,646,375	130,235,547	1,722,743,513	2,882,151,377	5,765,525,193	3,619,925	500
1947	5,467,199,162	106,646,375	150,525,936	2,492,979,739	2,170,721,906	5,845,817,669	3,815,802	508
1948	5,639,523,419	106,646,375	172,872,255	2,807,070,398	1,945,231,719	6,072,913,872	3,978,403	517
1949	5,775,110,029	127,975,650	177,868,961	2,804,522,646	2,322,505,622	6,250,402,352	4,120,523	525
1950	6,191,705,871	150,000,000	244,822,146	3,256,953,558	2,243,415,017	6,863,358,214	4,374,838	526
1951	6,815,866,795	150,000,000	257,218,390	3,632,685,350	2,439,510,645	7,531,296,927	4,832,147	529
1952	7,485,116,184	150,000,000	269,076,801	4,069,150,471	2,413,852,775	8,201,689,369	5,276,315	538
1953	7,744,200,096	150,000,000	286,267,820	4,148,713,734	2,531,605,621	8,501,761,722	5,581,697	543
1954	8,270,534,751	150,000,000	311,140,888	4,043,312,145	3,271,392,367	9,163,355,289	5,818,851	548
1955	8,802,506,128	150,000,000	330,080,550	4,727,961,473	2,984,567,789	9,669,145,972	6,191,571	574
1956	8,993,240,999	160,000,000	397,028,049	5,353,035,991	2,518,301,682	9,991,842,012	6,618,719	603
1957	9,524,116,723	160,000,000	416,970,724	5,554,784,021	2,742,530,348	10,639,149,591	6,916,240	617
1958	10,307,560,993	160,000,000	441,453,351	5,661,888,351	3,417,539,858	11,290,852,752	7,138,313	638
1959	10,624,958,182	160,000,000	466,395,447	6,599,668,232	2,725,392,943	11,669,404,346	7,430,000②	664

① Not available.

② Preliminary.

